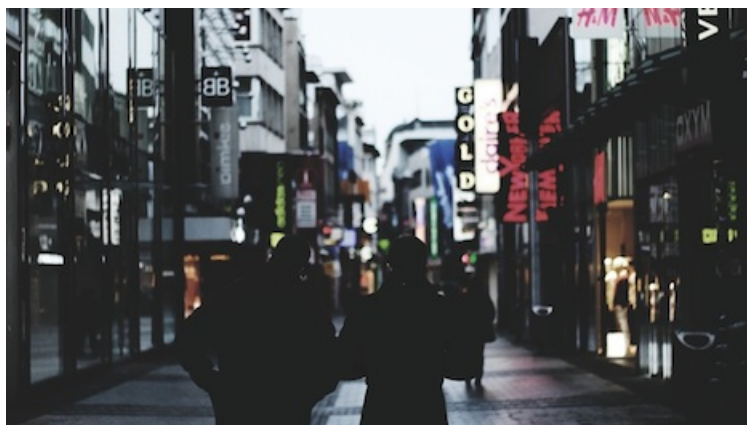


RETAIL

Loyalty enrollment programs see 31pc growth, but opportunities remain: report

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Customers could be leaving up to \$100 billion total unused in loyalty coupons and discounts

By DANNY PARISI

While loyalty programs are popular among consumers, they may not be used to their full potential, with \$100 billion potentially going unused.

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This data comes from a new report on loyalty programs from Bond Brand Loyalty that looked into how those programs are being used by both customers and brands. The 2017 Bond Brand Loyalty report found that enrollment in loyalty programs has grown by 31 percent, but some opportunities are still being missed.

"Consumers love loyalty programs and continue to join more every year, but active engagement rates have remained flat in the past 4 years, indicating that there's a tremendous opportunity to evolve 'same-old' programs to ensure members' expectations and needs are being met," said Bob Macdonald, president and CEO of **Bond Brand Loyalty**, Mississauga, Ontario. "Today's hyper-informed consumers expect personalized and shared interactions delivered through a combination of human and digital experiences."

Loyalty programs

It is no secret that loyalty programs help drive allegiance. In fact, Bond Brand Loyalty found that loyalty programs are one of the top drivers of brand choice with many enrolled members sticking with the brand more often than non-members.

Additionally, loyalty programs are growing with the average number of members per brand rising significantly over the past three years.

In response to that, investment in loyalty programs from brands themselves has also grown. Seventy-three percent of respondents said they are more likely to recommend a brand to a friend if they are a member of its loyalty program.



Source: 3CInteractive

What is more is that 81 percent of consumers said they are more likely to continue doing business with a brand if they use its loyalty program.

On the flip side, there is still more that brands can do to improve these programs. For one, the experience needs to be improved as the overall customer satisfaction rate has hovered around 46 percent for the last few years.

Moreover, the 2017 Bond Brand Loyalty report found that brands are only actively engaging with around half of their audience, missing out on a huge segment of customers that can be retargeted and enticed with deals and promotions from the loyalty program.

Brands need to do more to create value for their loyalty members or risk losing them to other brands whose programs are more active.

Driving sales

While loyalty programs may be most closely associated with regular retailers, luxury brands can benefit from them as well. Particularly among the cosmetics industry, loyalty can be a significant driver of sales.

A.T. Kearney's "Beauty and the Ecommerce Beast" report looked at how customers shop for cosmetics online and found that while overall sales are healthy, loyalty is the latest challenge for retailers. What they found is that luxury beauty products perform almost twice as better at online retailers than mass-market cosmetics, suggesting that luxury consumers are more willing to embrace ecommerce ([see story](#)).



Nordstrom's Marquee sign

Some specific retailers, such as Nordstrom, have seen significant growth from their rewards programs, driving a huge portion of revenue

Nordstrom Rewards' recent move to allow members to earn benefits regardless of their payment method has helped increase enrollment. The number of customers enrolled is now up 70 percent from where it was five years ago, and these members account for almost half of sales ([see story](#)).

One way of boosting a loyalty program is to make it mobile, something that a large number of consumers desire.

3CInteractive reports that customers would shop at a store more often if they had a mobile loyalty program at a rate of 59 percent compared to 62 percent since last year. Consumers still believe that they require too much information to sign up jumping from 67 to 62 percent since the year-ago ([see story](#)).

If luxury brands want to make the most of loyalty programs, they have to make them engaging and inspiring for

consumers so they do not forget about them. Bond Brand Loyalty found that most customers only engage with an average of seven loyalty programs, so luxury brands must fight to stay in each customer's top seven.

"By engineering the program with every asset of a brand's loyalty ecosystem and making adjustments to differentiate the member experience, brands can improve engagement and substantially increase program performance for gains in lift, retention and lowered marketing costs," Mr. Macdonald said.

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